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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed as a separate compilation.

LOK SABHA

The following Bill was introduced in Lok Sabha on the 7th December, 1970:—

BILL No. 127 OF 1970

A bill further to amend the Coal Mines Provident Fund and Bonus Schemes Act, 1948 and the Employees' Provident Funds Act, 1952.

BE it enacted by Parliament in the Twenty-first Year of the Republic of India as follows:—

1. (*1*) This Act may be called the Labour Provident Fund Laws (Amendment) Act, 1970. Short title and commencement.

(*2*) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint and different dates may be appointed for different provisions of this Act.

2. In the long title to the Coal Mines Provident Fund and Bonus Schemes Act, 1948 (hereinafter referred to as the Coal Mines Act), after the words "Provident Fund Scheme", the words ", a Family Pension Scheme" shall be inserted. Amendment of long title.

46 of 1948.

Amendment of preamble.

3. In the preamble to the Coal Mines Act, the first paragraph shall be omitted.

Amendment of section 1.

4. In sub-section (*1*) of section 1 of the Coal Mines Act, after the words "Provident Fund", the words ", Family Pension" shall be inserted.

Amendment of section 2.

5. In section 2 of the Coal Mines Act, after clause (*e*), the following clause shall be inserted, namely:—

'(*ee*) "Family Pension Fund" means the Family Pension Fund established under the Coal Mines Family Pension Scheme framed under sub-section (*1*) of section 3E;'.

Amendment of section 3A.

6. In section 3A of the Coal Mines Act,—

(*a*) in sub-section (*3*), after the words "The Board shall", the words, figure and letter ", subject to the provisions of section 3E," shall be inserted;

(*b*) in sub-section (*4*), for the words "the Scheme aforesaid", the words "the Coal Mines Provident Fund Scheme and the Coal Mines Family Pension Scheme" shall be substituted.

Amendment of section 3C.

7. In sub-section (*3*) of section 3C of the Coal Mines Act, after the words "Coal Mines Provident Fund Scheme", the words "and the Coal Mines Family Pension Scheme" shall be inserted.

Insertion of new sections 3E and 3F.

8. After section 3D of the Coal Mines Act, the following sections shall be inserted, namely:—

Coal Mines Family Pension Scheme.

"3E. (*1*) The Central Government may, by notification in the Official Gazette, frame a scheme to be called the Coal Mines Family Pension Scheme for the purpose of providing family pension and life assurance benefits to such employees as are covered by the Coal Mines Provident Fund Scheme.

(2) There shall be established, as soon as may be, after the framing of the aforesaid Scheme a Family Pension Fund into which shall be paid from time to time in respect of every such employee—

(*a*) such sums not exceeding one-fourth of the amount payable under sub-section (*1*) of section 10D as the employer's contribution as well as the employee's contribution, as may be specified in the said Scheme, and

(*b*) such sums, being not less than the amount contributed by the employer in pursuance of clause (*a*) to which shall be added a further sum equivalent to one-sixteenth of the amount payable under sub-section (*1*) of section 10D as the employer's Contribution, as the Central Government may, after due appropriation made by Parliament by law in this behalf, specify.

(*3*) The Family Pension Fund shall vest in and be administered by the Board.

(4) Any scheme framed under the provisions of sub-section (1) may provide for all or any of the matters specified in the Second Schedule.

Special grant by Central Government.

3F. **The Central Government shall, after due appropriation made by Parliament by law in this behalf, pay such further sums as may be determined by it into the Family Pension Fund to meet the expenses incurred in connection with the administration of the Coal Mines Family Pension Scheme not including therein the cost of any benefits provided by or under the said Scheme.**".

Amendment of section 5.

9. In sub-section (2) of section 5 of the Coal Mines Act, for the words "Second Schedule", the words "Third Schedule" shall be substituted.

Amendment of section 8.

10. In section 8 of the Coal Mines Act, after sub-section (2), the following sub-section shall be inserted, namely:—

"(3) The provisions of sub-section (1) and sub-section (2) shall, so far as may be, apply in relation to the family pension or any other amount payable under the Coal Mines Family Pension Scheme as they apply in relation to any amount payable out of the Fund.".

Insertion of new Second Schedule.

11. The Second Schedule to the Coal Mines Act shall be re-numbered as the Third Schedule and before the Third Schedule as so re-numbered, the following Schedule shall be inserted, namely:—

"THE SECOND SCHEDULE

(*See* section 3E)

Matters to be provided for in the Coal Mines Family Pension Scheme

1. The employees or class of employees to whom the Coal Mines Family Pension Scheme shall apply and the time within which option to join that Scheme shall be exercised by those employees to whom the said Scheme does not apply.

2. Subject to the provisions of section 3E(2), the portion of employer's and employees' contribution which may be credited to the Family Pension Fund.

3. The contribution by the Central Government to the Family Pension Fund and the manner in which such contribution is to be made.

4. The manner in which the account shall be kept, the investment of moneys belonging to the Family Pension Fund in accordance with any directions issued or conditions specified by the Central Government, and the rate of interest, not being less than 5½ per centum per annum, payable on such investments.

5. The form in which an employee shall furnish particulars about himself and his family whenever required.

6. The nomination of a person to receive the assurance amount due to the employee after his death and the cancellation or variation of such nomination.

7. The registers and records to be maintained in respect of employees, the form or design of any identity card, token or disc for the purpose of identifying any employee, or his nominee or a member of family entitled to receive the pension.

8. The scales of family pension and the assurance amount.

9. The mode of disbursement of family pension and the arrangements to be entered into with such disbursing agencies as may be specified for the purpose.

10. The manner in which the expenses incurred in connection with the administration of the Coal Mines Family Pension Scheme be paid by the Central Government to the Board of Trustees.

11. Any other matter which is to be provided for in the Coal Mines Family Pension Scheme or which may be necessary or proper for the purpose of implementing the Coal Mines Family Pension Scheme.".

Amendment of long title.

12. In the long title to the Employees' Provident Funds Act, 1952 (hereinafter referred to as the Provident Funds Act), after the words "provident funds", the words "and family pension fund" shall be inserted. 19 of 1952.

Amendment of section 1.

13. In section 1 of the Provident Funds Act,—

(*a*) in sub-section (*1*), after the words "Provident Funds", the words "and Family Pension Fund" shall be inserted;

(*b*) the proviso to sub-section (5) shall be omitted.

Amendment of section 2.

14. In section 2 of the Provident Funds Act,—

(*a*) after clause (*g*), the following clauses shall be inserted, namely:—

'(*gg*) "Family Pension Fund" means the Family Pension Fund established under the Family Pension Scheme;

(*ggg*) "Family Pension Scheme" means the Employees' Family Pension Scheme framed under section 6A;';

(*b*) for clause (*l*), the following clause shall be substituted, namely:—

'(*l*) "Scheme" means the Employees' Provident Fund Scheme framed under section 5.'.

Amendment of section 5A.

15. In section 5A of the Provident Funds Act,—

(*a*) in sub-section (*3*), after the words "The Central Board shall", the words, figure and letter ", subject to the provisions of section 6A," shall be inserted;

(*b*) in sub-section (*4*), after the words "of the Scheme", the words "and the Family Pension Scheme" shall be inserted.

Amendment of section 5D.

16. In sub-section (*3*) of section 5D of the Provident Funds Act, after the words "the Scheme", the words "and the Family Pension Scheme" shall be inserted.

Amendment of section 5E.

17. In section 5E of the Provident Funds Act, after the words "the Scheme", the words "and the Family Pension Scheme" shall be inserted.

Insertion of new sections 6A and 6B.

18. After section 6 of the Provident Funds Act, the following sections shall be inserted, namely:—

Employees Family Pension Scheme.

"6A. (*1*) The Central Government may, by notification in the Official Gazette, frame a scheme to be called the Employees' Family Pension Scheme for the purpose of providing family pension and life assurance benefits to the employees of any establishment or class of establishments to which this Act applies.

(*2*) There shall be established, as soon as may be, after the framing of the Family Pension Scheme, a Family Pension Fund into which shall be paid from time to time in respect of every such employee—

(*a*) such sums not exceeding one-fourth of the amount payable under section 6 as contribution by the employer as well as the employee, as may be specified in the Family Pension Scheme,

(*b*) such sums as are payable by the employer of an exempted establishment under sub-section (*6*) of section 17, and

(*c*) such sums, being not less than the amount contributed by the employer in pursuance of clause (*a*), as the Central Government may, after due appropriation made by Parliament by law in this behalf, specify.

(*3*) The Family Pension Fund shall vest in and be administered by the Central Board.

(*4*) A Family Pension Scheme may provide for all or any of the matters specified in Schedule III.

(*5*) A Family Pension Scheme may provide that any of its provisions shall take effect either prospectively or retrospectively on such date as may be specified in this behalf in that scheme.

Special grant by Central Government.

6B. The Central Government shall, after due appropriation made by Parliament by law in this behalf, pay such further sums as may be determined by it into the Family Pension Fund to meet the expenses incurred in connection with the administration of the Family Pension Scheme not including therein the cost of any benefits provided by or under the said Scheme."

Amendment of section 7.

19. In sub-section (*1*) of section 7 of the Provident Funds Act, for the words "any Scheme framed under this Act", the words "the Scheme or the Family Pension Scheme, as the case may be" shall be substituted.

Amendment of section 7A.

20. In sub-section (*1*) of section 7A of the Provident Funds Act, for the words "or of the Scheme", the words "the Scheme or the Family Pension Scheme, as the case may be," shall be substituted.

Amendment of section 8.

21. In clause (*b*) of section 8 of the Provident Funds Act, for the words and figures "under section 17", the words and figures "under section 17 or in respect of the contribution payable by him towards the Family Pension Scheme under the said section 17" shall be substituted.

Amendment of section 10.

22. In section 10 of the Provident Funds Act, after sub-section (*2*), the following sub-section shall be inserted, namely:—

"(*3*) The provisions of sub-section (*1*) and sub-section (*2*) shall, so far as may be, apply in relation to the family pension or any other amount payable under the Family Pension Scheme as they apply in relation to any amount payable out of the Fund.".

Amendment of section 11.

23. In clause (*b*) of section 11 of the Provident Funds Act, after the words "under the rules of the provident fund,", the words, figures and brackets "any contribution payable by him towards the Family Pension Fund under sub-section (*6*) of section 17," shall be inserted.

Amendment of section 13.

24. In section 13 of the Provident Funds Act,—

(*a*) in sub-section (*1*), for the words "or of any Scheme", the words "the Scheme or the Family Pension Scheme" shall be substituted;

(*b*) sub-section (*2A*) shall be re-numbered as sub-section (*2B*) and before sub-section (*2B*) as so re-numbered, the following sub-section shall be inserted, namely:—

"(*2A*) Any Inspector appointed under sub-section (*1*) may, for the purpose of inquiring into the correctness of any information furnished in connection with the Family Pension Scheme or for the purpose of ascertaining whether any of the provisions of this Act or of the Family Pension Scheme have been complied with in respect of an establishment to which the Family Pension Scheme applies, exercise all or any of the powers conferred on him under clause (*a*), clause (*b*), clause (*c*) or clause (*d*) of sub-section (*2*).";

(*c*) in sub-section (*2B*) as so re-numbered, after the words, brackets and figure "under sub-section (*2*)", the words, brackets, figure and letter "or under sub-section (*2A*), as the case may be," shall be inserted.

Amendment of section 14.

25. In section 14 of the Provident Funds Act,—

(*a*) in sub-section (*1*), for the words "or under any Scheme", the words "the Scheme or the Family Pension Scheme" shall be substituted;

(*b*) in sub-section (*2*), for the words "A Scheme framed under this Act", the words "The Scheme or the Family Pension Scheme" shall be substituted;

(*c*) in sub-section (*3*), for the words "or under any Scheme", the words "the Scheme or the Family Pension Scheme" shall be substituted.

Amendment of section 14A.

26. In section 14A of the Provident Funds Act,—

(*a*) in sub-section (*1*), for the words "or the Scheme made thereunder", the words "the Scheme or the Family Pension Scheme" shall be substituted;

(*b*) in sub-section (*2*), for the words "or the Scheme thereunder", the words "the Scheme or the Family Pension Scheme" shall be substituted.

Amendment of section 17.

27. In section 17 of the Provident Funds Act, after sub-section (5), the following sub-section shall be inserted, namely:—

"(*6*) Notwithstanding any exemption granted under this section, the employer of an exempted establishment to which the provisions of the Family Pension Scheme apply, shall pay to the Family Pension Fund such portion of the employer's contribution as well as the employee's contribution to its provident fund as may be specified in the Family Pension Scheme.".

Amendment of section 18.

28. In section 18 of the Provident Funds Act, for the words "or under any Scheme", the words "the Scheme or the Family Pension Scheme" shall be substituted.

Amendment of section 19.

29. In section 19 of the Provident Funds Act, for the words "or any Scheme", the words "the Scheme or the Family Pension Scheme" shall be substituted.

Insertion of new Schedule III.

30. After Schedule II to the Provident Funds Act, the following Schedule shall be inserted, namely:—

"SCHEDULE III

[*See* section 6A(*4*)]

Matters for which provision may be made in the Family Pension Scheme

1. The employees or class of employees to whom the Family Pension Scheme shall apply and the time within which option to join that Scheme shall be exercise d by those employees to whom the said Scheme does not apply.

2. Subject to the provisions of section 6A(*2*), the portion of employer's and employee's contribution which may be credited to the Family Pension Fund.

3. The contribution by the Central Government to the Family Pension Fund and the manner in which such contribution is to be made.

4. The manner in which the account shall be kept, the investment of moneys belonging to the Family Pension Fund in accordance with any directions issued or conditions specified by the Central Government, and the rate of interest, not being less than 5½ per centum per annum, payable on such investments.

5. The form in which an employee shall furnish particulars about himself and his family whenever required.

6. The nomination of a person to receive the assurance amount due to the employee after his death and the cancellation or variation of such nomination.

7. The registers and records to be maintained in respect of employees, the form or design of any identity card, token or disc for the

purpose of identifying any employee, or his nominee or a member of family entitled to receive the pension.

8. The scales of family pension and the assurance amount.

9. The manner in which the exempted establishments have to pay the contributions (both employers' and employees' shares) towards the Family Pension Fund and the submission of returns relating thereto.

10. The mode of disbursement of family pension and the arrangements to be entered into with such disbursing agencies as may be specified for the purpose.

11. The manner in which the expenses incurred in connection with the administration of the Family Pension Scheme be paid by the Central Government to the Board of Trustees.

12. Any other matter which is to be provided for in the Family Pension Scheme or which may be necessary or proper for the purpose of implementing the Family Pension Scheme.".

Amendment of Act 31 of 1956.

31. In section 44 of the Life Insurance Corporation Act, 1956, after clause (*f*), the following clause shall be inserted, namely:—

"(*g*) any Family Pension Scheme framed under the Coal Mines Provident Fund and Bonus Schemes Act, 1948 or the Employees' Provident Funds Act, 1952 for the purpose of providing family pension and life assurance benefits to the employees covered by the said Scheme.". 46 of 1948. 19 of 1952.

STATEMENT OF OBJECTS AND REASONS

The Coal Mines Provident Fund and Bonus Schemes Act, 1948 and the Employees' Provident Funds Act, 1952 provide for the institution of provident funds for employees in coal mines, factories and other establishments. Provident Fund is an effective old-age and survivorship benefit, but when the employee happens to die prematurely, the accumulations in the Provident Fund are too small to render adequate and long-term protection to his family. With a view to providing long-term financial security to the families of industrial employees in the event of their premature death, it is proposed to introduce a Family Pension Scheme for the employees covered under the two Acts, and to create a Family Pension Fund for this purpose by diverting a portion of the employer's and the employees' contributions to the Provident Fund, to which will be added a contribution by the Central Government. Out of the Fund so set up, it is proposed to pay Family Pension at prescribed scales to the survivors of employees who die while in service before reaching the age of superannuation. Besides Family Pension, a compulsory life insurance benefit of Rs. 1000 will also be payable to the survivors of the employees in the event of death in service. In the case of retirement, a lumpsum payment up to a maximum of Rs. 4000 will be made to the employee depending upon the length of his service. The terms and conditions for the grant of family pension will generally be the same as those applicable to the Central Government employees. The benefits payable under the Family Pension Scheme will be in addition to the payments due to the employees from the Provident Fund.

2. The proposed Scheme of Family Pension will be administered by the Board of Trustees, Coal Mines Provident Fund in respect of members of the Coal Mines Provident Fund, and by the Central Board of Trustees, Employees' Provident Fund, in respect of the employees of establishments covered by the Employees' Provident Funds Act, 1952. The cost of administration of the Family Pension Scheme in each case will be borne by the Central Government.

3. The Bill seeks to amend suitably the Coal Mines Provident Fund and Bonus Schemes Act, 1948 and the Employees' Provident Funds Act, 1952 in order to achieve these objectives.

D. SANJIVAYYA.

NEW DELHI;
The 23rd November, 1970.

PRESIDENT'S RECOMMENDATION UNDER ARTICLE 117 OF THE CONSTITUTION OF INDIA

[Copy of letter No. 16|1|70-PF.II (Vol. II), dated the 27th November, 1970 from Shri D. Sanjivayya, Minister of Labour and Rehabilitation to the Secretary, Lok Sabha.]

The President of India having been informed of the subject matter of the above-mentioned Bill has, in pursuance of clause (*1*) of article 117 of the Constitution, recommended the introduction of the said Bill in the Lok Sabha.

FINANCIAL MEMORANDUM

Clauses 8 and 18 of the Bill envisage constitution of Family Pension Funds for the workers covered under the Coal Mines Provident Fund and Bonus Schemes Act, 1948 and the Employees' Provident Funds Act, 1952 by diversion of a portion of the employer's and the employees' contributions to the Provident Funds, to which will be added a contribution by the Central Government. It has been proposed that the contributions of the employer, employees and the Central Government to the Family Pension Funds may be as shown below:—

(1)	Coal Mines Provident Fund :	
	(*a*) Employer ..	1⅛% of Pay.
	(*b*) Employees ..	1⅛% of Pay.
	(*c*) Central Government ..	1⅛% of Pay.
	TOTAL :	4% of Pay.
(2)	Employees' Provident Fund :	
	(*a*) Employer ..	1⅛% of Pay.
	(*b*) Employees ..	1⅛% of Pay.
	(*c*) Central Government ..	1⅛% of Pay.
	TOTAL :	3⅜% of Pay.

2. Clauses 8 and 18 of the Bill also envisage that the cost of administration of the Family Pension Fund Scheme will be paid by the Central Government.

3. The Coal Mines Provident Fund and Bonus Schemes, Act, 1948 is applicable to about 4 lakhs of employees in coal mines. The Employees' Provident Funds Act, 1952 is at present applicable to about 55 lakhs of employees. Existing members of the Coal Mines Provident Fund and the employees of establishments already covered by the Employees' Provident Funds Act will be given option to come over to the Family Pension Scheme or to continue under the Provident Fund Scheme itself. It is expected that 75 per cent. of the employees already covered under the two Acts will opt for the Family Pension Scheme. But the possibility of 100 per cent. employees opting for the Family Pension Scheme cannot be ruled out.

4. Assuming that 75 per cent. of the employees covered under the Coal Mines Provident Fund and Bonus Schemes Act and the Employees' Provident Funds Act opt for the Family Pension Scheme, the annual financial liability of the Central Government and consequent expenditure from the Consolidated Fund of India has been estimated as under:—

(1)	Employees covered under the Coal Mines Provident Fund and Bonus Schemes Act :	
	(*a*) Central Government contribution to the Pension Fund at the rate of 1⅛% of pay.	Rs. 1.09 crores.
	(*b*) Cost of administration . . .	*Rs. 0.06 crores.
	TOTAL ..	Rs. 1.15 crores.

(2) Employees covered under the Employees' Provident Funds Act:

(a) Central Government contribution to the Pension Fund at the rate of 1¼% of pay. . . .	Rs. 10.2 crores.
(b) Cost of administration . .	*Rs. 0.76 crores.
TOTAL	Rs. 10.96 crores.

If, however, 100 per cent. employees covered under the Coal Mines Provident Fund and Bonus Schemes Act and the Employees' Provident Funds Act opt for the Family Pension Scheme, the annual financial liability of the Central Government and consequent expenditure from the Consolidated Fund of India will be as under:—

(1) Employees covered under the Coal Mines Provident Fund and Bonus Schemes Act :

(a) Central Government contribution to the Pension Fund at 1¼% of pay.	Rs. 1.45 crores.
(b) Cost of administration	*Rs. 0.08 crores.
TOTAL ...	Rs. 1.53 crores.

(2) Employees covered under the Employees' Provident Funds Act :

(a) Central Government contribution to the Pension Fund at 1¼% of pay.	Rs. 13.6 crores.
(b) Cost of administration	*Rs. 1.01 crores.
TOTAL ...	Rs. 14.61 crores.

The liability of the Central Government in respect of employees covered under the Employees' Provident Funds Act will increase proportionately with the expansion of coverage of the Act.

*NOTE.—About 4 per cent. of the cost of administration represents non-recurring expenditure.

MEMORANDUM REGARDING DELEGATED LEGISLATION

The new section 3E of the Coal Mines Provident Fund and Bonus Schemes Act, 1948, proposed to be inserted under clause 8 of the Bill, seeks to empower the Central Government to frame the Coal Mines Family Pension Scheme for the purpose of providing family pension and life assurance benefits to the employees covered by the Coal Mines Provident Fund Scheme. Under clause 18 of the Bill, a corresponding provision is being made in the new section 6A of the Employees' Provident Funds Act, 1952 for providing similar family pension and life assurance benefits to the employees of establishments or class of establishments to which the said Act applies. Under the Family Pension Schemes which will be framed by the Central Government, the various matters which are to be provided therein, are enumerated in the new Second Schedule proposed to be inserted in the 1948-Act under clause 11 of the Bill and in new Schedule III proposed to be inserted in the 1952-Act under clause 30 of the Bill. It is clear that the provisions to be made in the Family Pension Scheme under both the Statutes, referred to above, will contain matters of detail and day-to-day working, *e.g.*, the employees or class of employees to which the Schemes shall apply, the portion of employer's and employee's contribution to be credited to the Family Pension Funds, the contribution to be made by the Central Government towards the Fund, the scales of family pension and the assurance amount to be paid to the employees and the mode of disbursement thereof, and other like matters.

2. The delegation of legislative powers is, thus, of a normal character.

S. L. SHAKDHER,
Sceretary.

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